

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

LAB-04 SIL-01 L-03 H-02 DODE-00 PA-01 PRS-01 SAJ-01

PM-04 AGR-05 /106 W

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R 280909Z JAN 76

FM USLO PEKING

TO SECSTATE WASHDC 5082

INFO AMCONSUL HONG KONG

AMEMBASSY BERLIN

USMISSION US BERLIN

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E.O.11652: N/A

TAGS: ETRD, CH, GE

SUBJECT: CHINESE TRADE WITH EAST GERMANY

REF: PEKING 434

1. DURING CALL BY USLO COMMERCIAL/ECONOMIC OFFICER ON JANUARY 27, EAST GERMAN COMMERCIAL COUNSELOR EWALD LUDWIG PROVIDED THE FOLLOWING BRIEF OVERVIEW OF SINO-EAST GERMAN TRADE FOR 1976.

2. SIGNED BY PRC FOREIGN TRADE VICE MINISTER CHEN CHIEH IN BERLIN ON DECEMBER 20, 1975, THE ANNUAL SINO-GDR TRADE AND PAYMENTS AGREEMENT FOR 1976 PROVIDES FOR ONLY A SLIGHT INCREASE IN VALUE OVER THE CONTRACTED LEVEL OF TRADE FOR 1975. LUDWIG SAID FINAL FIGURE FOR DELIVERIES IN 1975 WERE NOT YET AVAILABLE, BUT ESTIMATED TRADE AT ABOUT 500 MILLION SWISS FRANCS (\$192.3 MILLION) BOTH

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WAYS. THIS COMPARES WITH SF 460.5 MILLION IN TOTAL

TRADE FOR 1974 (REFTEL). LUDWIG SAID THE ACTUAL LEVEL OF THIS YEAR'S ACCORD WILL DEPEND ON THE TOTAL VALUE OF CONTRACTS CONCLUDED AT PREVAILING WORLD PRICES. (ACCORDING TO OTHER EAST EUROPEAN TRADE REPRESENTATIVES, THE EAST GERMANS HAVE SAID THE TOTAL VALUE OF THEIR 1976 AGREEMENT COULD REACH 525 MILLION SWISS FRANCS.)

3. IN DISCUSSING THE COMMODITY COMPOSITION OF THIS YEAR'S TRADE, LUDWIG SAID CHINESE EXPORTS HAD REMAINED ALMOST THE SAME FOR NEARLY 20 YEARS WITH TEXTILES THE ONLY COMMODITY SUBJECT TO LARGE PRICE-INDUCED INCREASES OR DECLINES. GDR EXPORTS WILL ALSO BE VIRTUALLY IDENTICAL TO PREVIOUS YEARS. LUDWIG SAID EAST GERMANY'S TRADE WITH CHINA WAS NOT REALLY IMPORTANT, AND ADDED THAT THE GDR WAS RELUCTANT TO INCREASE EXPORT OFFERINGS BECAUSE ITS INDUSTRIAL GOODS COULD FIND MORE LUCRATIVE MARKETS IN WESTERN EUROPE. THE GDR HAS NO TRADE WITH CHINA OUTSIDE THE CONTEXT OF ITS ANNUAL AGREEMENTS. LUDWIG SAID HE WAS ALWAYS RELIEVED WHEN GERMANY WAS ABLE TO FIND ENOUGH GOODS TO FULFILL ITS OBLIGATION UNDER THESE ACCORDS.

4. TURNING TO OTHER SUBJECTS, LUDWIG CONFIRMED THAT, BESIDES ROMANIA, CHINA HAD OFFERED CRUDE OIL TO OTHER EAST EUROPEAN COUNTRIES. HE SAID GERMANY WAS INTERESTED IN BUNKERING ITS SHIPS IN PRC PORTS AS A FIRST STEP IN PURCHASING CHINESE PETROLEUM, BUT NO AGREEMENT HAD BEEN CONCLUDED. LUDWIG ALSO CONFIRMED THE CHINESE ARE SHOWING INCREASING INTEREST IN LONG-TERM AGREEMENTS FOR INDUSTRIAL GOODS FROM EAST EUROPEAN COUNTRIES. THE GDR, HOWEVER, HAS ONLY ONE SUCH CONTRACT AT PRESENT FOR DELIVERY OF CERTAIN NUMBER OF REFRIGERATOR CARS EACH YEAR.
THOMAS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFORMATION CONTROL, TRADE DATA, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PEKING00164
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760033-0958
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760113/aaaaalhp.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 PEKING 434
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 27 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 APR 2004 by izenbei0>; APPROVED <17 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHINESE TRADE WITH EAST GERMANY
TAGS: ETRD, CH, GC, (LUDWIG, EWALD)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006